

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of San Diego Gas & Electric  
Company (U-902-E) for Adoption of an  
Advanced Metering Infrastructure  
Deployment Scenario and Associated Cost  
Recovery and Rate Design.

Application 05-03-015  
(Filed March 15, 2005)

**ASSIGNED COMMISSIONER'S RULING ESTABLISHING SCOPE,  
SCHEDULE, AND PROCEDURES FOR PROCEEDING**

Pursuant to Rules 6(a)(3) and 6.3 of the Commission's Rules of Practice and Procedure,<sup>1</sup> this ruling sets forth the procedural schedule, assigns the principal hearing officer, and addresses the scope of these proceedings following the prehearing conference (PHC) held June 15, 2005. This ruling is appealable only as to category of these proceedings under the procedures in Rule 6.4.

**1. Categorization, Need for Hearings, Ex Parte Rules  
and Designation of Principal Hearing Officer**

Under Rule 6.1, on April 7, 2005, the Commission preliminarily categorized Application (A.) 05-03-015, the application of San Diego Gas & Electric Company (SDG&E) as ratesetting as defined in Rule 5(c) and determined that the matter should be set for hearing. (Resolution ALJ 176-3150.) The parties agree with the Commission's preliminary categorization of this proceeding, and I

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<sup>1</sup> All references to Rules are to the Commission's Rules of Practice and Procedure found in Title 20 of the California Code of Regulations.

affirm the preliminary categorizations of ratesetting and the need for hearing. The *ex parte* rules as set forth in Rule 7(c) and Pub. Util. Code § 1701.3(c)<sup>2</sup> apply.

In a ratesetting proceeding, Rule 5(k)(2) defines the presiding officer as the principal hearing officer designated as such by the assigned Commissioner prior to the first hearing in the proceeding. I have designated Administrative Law Judge (ALJ) Michelle Cooke as the principal hearing officer. The provisions of § 1701.3(a) apply.

## **2. Scoping Memo**

On March 15, 2005, SDG&E filed its application seeking authorization of its advanced metering infrastructure (AMI) deployment proposal and associated cost recovery mechanisms.<sup>3</sup> The Assigned ALJ and I separated processing of the case into two phases.

The first phase addresses the proposed pre-deployment plan and costs requested in SDG&E's Exhibits 17 and 18.<sup>4</sup> As I described in my May 9, 2005 ruling, under this two-phase approach, upon authorization of pre-deployment costs, SDG&E will move forward with its start-up and design work, in anticipation of a positive outcome on the cost-effectiveness part of the proceeding. In response to my indication that I was not fully comfortable separating the decision on pre-deployment costs from the decision on the merits of the full investment, SDG&E significantly reduced the scope of requested pre-deployment efforts in Phase 1.

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<sup>2</sup> All section references are to the Public Utilities Code unless otherwise indicated.

<sup>3</sup> AMI consists of both metering and communications infrastructure.

<sup>4</sup> These Exhibits were identified at the June 15, 2005 PHC.

At the June 15, 2005 PHC, the parties indicated that they wanted to discuss a possible settlement of the question of what level of ratepayer funded pre-deployment costs should be authorized. Settlement discussions are ongoing. Consistent with the agreement of the parties, upon the filing of a settlement, all parties to the proceeding will have 14 days within which to file written comments on any proposed settlement. Also upon the agreement of the parties, no additional rounds of comments will be allowed. Parties agreed that to the extent a settlement is not reached, parties will forgo cross examination on the testimony submitted related to Phase 1 and seek a decision based on the documents identified for Phase 1 to date.

The second phase will address the cost-effectiveness and merits of deploying AMI as proposed by SDG&E. The evidence produced during the course of Phase 2 must allow the Commission to make findings on three primary issues.

First, we must be able to make an affirmative finding that the proposed system meets the functionality criteria set forth in my ruling issued May 9, 2005 in this proceeding. As recommended by the parties at the PHC, this issue will be litigated in Phase 2. Parties may also raise issues about system and technology choices that have been made by SDG&E and whether the choices made are the correct choices for ratepayers, above and beyond the minimum functionality criteria.

Second, we must be able to make an affirmative finding that the proposed investment provides sufficient benefits to ratepayers to move forward with implementation. This finding may not require that 100% of the costs of AMI deployment be covered by operational savings, but that between operational benefits and reasonably expected demand response benefits, there is confidence

that a ratepayer investment would be cost effective. In my May 9, 2005 ruling I suggested that parties consider whether it was possible to establish a minimum level of operational benefits that would be expected that would allow us to forgo litigation of expected demand response benefits. At the PHC the parties were unanimous that such an approach is not workable for SDG&E, and recommend litigating what level of demand response can be reasonably expected to accrue as a result of installation of AMI and implementation of alternative rate schedules. These issues, e.g., the demand response forecasts and assumptions (energy costs, tariff structures, participation levels, actual response, statutory constraints, etc.), will part of the scope of Phase 2.

Consistent with my comments at the PHC, I will require SDG&E to prepare supplemental testimony that calculates expected demand response benefits using different assumptions than those utilized by SDG&E in Exhibit 13, the testimony of Stephen George. These alternative assumptions are designed to allow us to assess the expected demand response benefits under a broad range of dynamic rate participation and confidence levels. Parties may request that SDG&E prepare a reasonable number of additional scenarios using alternative assumptions, but should also keep in mind the need to develop an understandable and manageable record when making such requests. Specifically, SDG&E should prepare the same analysis performed in Exhibit 13, with the following variation to the underlying assumptions:

**Scenario 1:** Current assumptions but decrease the marginal capacity cost to \$52.70/kW-year.

**Scenario 2:** Current assumptions but decrease the marginal capacity cost to \$29/kW-year.

**Scenario 3:** Current assumptions but modify participation assumptions to 60% of residential customers on CPP-F, 10% on TOU, 30% on current rate.

**Scenario 4:** Current assumptions but modify participation assumptions to 80% of residential customers on TOU, 20% current rate.

**Scenario 5:** Current assumptions but modify participation assumptions to 40% of residential customers on CPP-F, 40% on TOU, 20% on current rate.

**Scenario 6:** Current assumptions but modify participation assumptions to 13% of residential customers on CPP-F, 7% on TOU, 80% on current rate.

For any of scenarios 3-6 that have a positive cost-benefit, SDG&E should also run a scenario with the marginal capacity cost assumptions listed in Scenarios 1 and 2. The supplemental testimony should be served on the schedule laid out in Section 3 below.

Finally, we must make an affirmative finding that SDG&E has a serious plan for accomplishing the task of integrating the AMI investment into its operating systems to ensure that the expected benefits in the areas of customer service, billing, outage management, and operations and maintenance accrue.

All three of the above findings must be made for us to pre-approve the investment of ratepayer funds for SDG&E's proposed full AMI deployment. The scope of this proceeding encompasses any information reasonably necessary for the Commission to make these findings.

### **3. Schedule**

The following schedule will be adhered to as closely as possible.

<b>Event</b>	<b>Date</b>
Supplemental SDG&E Testimony Served	October 7, 2005
Intervenor Testimony Served	December 7, 2005
Rebuttal Testimony Served	December 19, 2005
Telephonic Scheduling Conference with ALJ	January 3, 2006
Evidentiary Hearings (two weeks)	January 9-23, 2006
Opening Brief/Request for Final Oral Argument	February 23, 2006
Reply Brief	March 13, 2006
Proposed Decision	June 2006
Commission Decision	July 2006

In Section 1 of Senate Bill (SB) 960 (Ch. 96-0856), the Legislature urges the Commission to resolve the issues within the scope of a proceeding categorized as ratesetting, such as this, within 18 months from the date of the filing of the application. The schedule that we have adopted should allow us to meet that goal.

As stated in the schedule above, and pursuant to Rule 8(d), parties requesting final oral argument before the Commission should include that request in their concurrent opening briefs.

### **4. Filing and Service of Documents**

All formally filed documents must be filed in hard copy with the Commission's Docket Office. In order to ensure timely delivery of documents and conserve resources, we will follow the electronic service protocols adopted

by the Commission in Rule 2.3.1 of the Commission's Rules of Practice and Procedure. This Rule requires service of documents to be performed electronically, in a searchable format, unless the appearance or state service list member did not provide an email address. If no email address was provided, service should be made by United States mail. Parties should provide concurrent e-mail service to ALL persons on the service list, including those listed under "Information Only." Any document that is filed MUST also be served electronically.

E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: A.05-03-015- SDG&E AMI. In addition, the party sending the e-mail should briefly describe the attached communication, for example, Phase 1 Brief.

## **5. Intervenor Compensation**

The PHC in this matter was held June 15, 2005. Pursuant to § 1804(a)(1), a customer who intends to seek an award of compensation should file and serve a notice of intent to claim compensation not later than July 15, 2005. A separate ruling will address eligibility to claim compensation.

Therefore, **IT IS RULED** that:

1. The schedule of this proceeding is as set forth in Section 3 in this ruling.
2. This ruling confirms the Commission's preliminary finding in Resolutions ALJ 176-3146 that the category for these proceedings is ratesetting and that hearings are necessary. This ruling, only as to category, is appealable under the procedures in Rule 6.4.
3. The *ex parte* rules as set forth in Rule 7(c) of the Commission's Rules of Practice and Procedure apply to this application.

4. Administrative Law Judge Cooke is the principal hearing officer.
5. Parties should serve all filings as set forth in Section 4 of this Ruling.
6. Any party requesting final oral argument before the Commission shall make such request on the date set for filing of concurrent opening briefs.

Dated July 1, 2005, at San Francisco, California.

/s/ DIAN M. GRUENEICH  
Dian M. Grueneich  
Assigned Commissioner



**CERTIFICATE OF SERVICE**

I certify that I have by mail, and by electronic mail, to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Assigned Commissioner's Ruling Establishing Scope, Schedule, and Procedures for Proceeding on all parties of record in this proceeding or their attorneys of record.

Dated July 1, 2005, at San Francisco, California.

/s/ JANET V. ALVIAR

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Janet V. Alviar

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074,

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TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.